

COURSE TITLE: MARKETING AND SOCIETY

COURSE CODE: ACF 413:

COURSE OUTLINE

Introduction: What is Marketing and Society? Ethics and Business. Ethical Principles in Business Ethics in the Marketplace. Corporate Responsibilities. Establishing an Ethical Corporate Culture .The Ethics of Consumer Production and Marketing. The Ethics of Consumer Production and Marketing. The Ethics of Consumer Production and Marketing

MEANING OF MARKET

A market is a place where people gather to purchase or sell a commodity.

Meaning of a society? Society can be defined as a collection of people living together in organised communities with laws and traditions controlling the way they relate and behave towards one another.

WHAT IS MARKETING AND SOCIETY?

Marketing and Society is a subject that examines the relationship between marketing and society, including the benefits and criticisms of marketing. It also explores how marketers should respond to criticisms and how the government regulates the relationship between marketing and society.

This subject examines the role of marketing in the wider society, beyond its relationship with consumers and shareholders. It looks at the benefits marketing provides, but it also looks at criticisms of marketing in terms of its negative influence on individual consumers and society as a whole. Some of these criticisms include deliberate behaviours, such as deceptive advertising and high-pressure sales techniques, while others are more systemic, such as the promotion of materialism and the destruction of the

natural environment. Many of these criticisms constitute public issues (eg. consumerism, climate change), where individuals and consumer groups express their concerns through organised boycotts and political protest. This subject considers how marketers should respond to these criticisms and examines the government's role in regulating the marketing and society relationship.

ETHICS AND BUSINESS

Ethics are the study of moral rules and standards of human conduct, and the principles that guide our behavior. Ethics are important in both personal and professional life. A system of moral principles that affect how people make decisions and live their lives moral principles that govern a person's behaviour or the conducting of an activity.

A business is an organization that produces and sells goods or services to a community in exchange for money, with the goal of making a profit. Businesses can be for-profit or non-profit, and can range in size from small operations to large, global enterprises.

Business ethics are the moral principles, policies, and values that guide how companies and individuals conduct business. These principles go beyond legal requirements to establish a code of conduct that can help build trust between a business and its customers.

Some examples of business ethics include:

- **Accountability:** A principle of business ethic

WHAT IS BUSINESS AND ETHICS?

- **BUSINESS AND ETHICS** is defines as "the rules, principles, and standards of deciding what is morally right or wrong when working."

So, business ethics refers to the implementation of appropriate business practices and policies in the workplace

ETHICAL PRINCIPLES IN BUSINESS

1. HONESTY

All personnel must be committed to telling the truth in all forms of communication and in all actions. This includes never purposely telling partial truths, selectively omitting information, making misrepresentations or overstatements. Honesty also means reliably sharing both good and bad news with equal candor.

2. FAIRNESS

All dealings and relationships must be founded on a conscious commitment to fairness, treating others as you would like to be treated. Fairness requires treating all individuals equally and courteously, never exercising power arbitrarily and never exploiting weaknesses or mistakes for personal or corporate benefit.

3. LEADERSHIP

Demonstrated by a conscious effort to set a positive example of ethical behavior, leadership is a commitment to excellence through ethical decision-making. Businesses and business executives maintain their leads by constantly improving operational efficiency, worker satisfaction and customer approval.

4. INTEGRITY

Organizations and personnel demonstrate integrity through a consistency between actions and words that inspires trust and credibility. Integrity also means keeping promises, honoring commitments, meeting deadlines and refusing to participate in unscrupulous activities or business dealings.

5. COMPASSION

Fostering a business environment of empathy and compassion requires a commitment to being kind and caring toward all personnel, business partners and customers. Business goals must be benevolent, ensured by spending enough time to understand the needs and sensitivities of others, including the local community.

6. RESPECT

Respect is demonstrated by a full commitment to the human rights, dignity, autonomy, interests and privacy of all personnel. It means recognizing that everyone deserves equal respect and support for sharing ideas and opinions, without fear of any penalty or form of discrimination.

7. RESPONSIBILITY

Employees exhibit responsibility by taking full ownership of their jobs, striving to be conscious of the emotional, financial and business consequences of their actions. Taking their responsibilities seriously also demonstrates employee maturity and ability to do a job without needing strict supervision.

8. LOYALTY

Loyalty is proven by never disclosing information learned in confidence and by remaining faithful to coworkers, clients, business partners and suppliers. Loyal employees avoid conflicts of interest, help build and protect the good reputation of their company and help boost the morale of their coworkers.

9. LAW-ABIDING

Organizations must fully comply with all applicable laws and codes from local, state and federal agencies. Law-abiding businesses and personnel also adhere to industry and trade regulations, marketplace standards and any additional mandatory organizational policies, practices and procedures.

10. ACCOUNTABILITY

Accountability requires a total commitment to the ethical quality of all decisions, actions and relationships. High expectations for ethical behavior drive business practices when an organization and its personnel are held accountable to fellow employees, consumers, the local community and the wider public in general.

11. TRANSPARENCY

Committing to transparency requires making business information and policies available to appropriate groups, such as financial investors, personnel and consumers. It includes, for example, sharing criteria for price hikes, wages, and hiring, granting promotions, addressing workplace infringements and firing employees.

12. ENVIRONMENTAL CONSCIOUSNESS

Organizations and personnel demonstrate a commitment to the environment by helping mitigate the effects of global climate change. Beneficial actions include reducing the negative environmental impact of doing business by improving energy efficiency to help lower carbon emissions, reducing water usage and reducing waste.

ETHICS IN THE MARKETPLACE.

Ethics in the marketplace refers to the principles and practices that guide how people conduct business and market products or services:

- **Honesty and transparency:** Marketers should be honest and provide truthful information about products.
- **Fairness and respect:** Marketers should treat people with dignity and respect, and not lie or trick them into buying things.
- **Social responsibility:** Marketers should promote social responsibility and empathy.
- **Accountability:** Marketers should be accountable for their actions.
- **Sustainability:** Marketers should consider sustainability in their business practices.
- **User privacy:** Marketers should maintain user privacy.

Some other ethical considerations in the marketplace include:

- **Keeping promises:** Sellers should keep their promises to customers.

- **Caring for customers:** Sellers should be responsive to customer complaints and apologize when necessary.
- **Fair pricing:** Sellers should ensure that the quality of their goods matches the price.
- **Workplace diversity:** Companies should promote diversity and equal opportunity in the workplace.

CORPORATE RESPONSIBILITIES

Corporate responsibility, or CSR, is a company's accountability for its actions and their impact on society, the environment, and the economy. It includes how a company conducts business, treats employees, and supports the community.

CSR can help a company stay competitive by:

- **Building trust:** Earning the trust of consumers and investors by meeting their expectations of ethical and responsible behavior
- **Contributing positively:** Contributing positively to all stakeholders

- **Operating sustainably:** Ensuring the organization operates in a sustainable way

The concept of Corporate Social Responsibility (CSR) is generally understood to mean that corporations have a degree of responsibility not only for the economic consequences of their activities, but also for the social and environmental implications. This is sometimes referred to as a 'triple bottom line' approach that considers the economic, social and environmental aspects of corporate activity.

Various terms are used to describe CSR initiatives, including 'Corporate Responsibility,' 'Corporate Accountability', 'Corporate Citizenship' and 'Sustainability.'

The meaning and value of CSR may differ in various contexts, depending on local factors including culture, environmental conditions, and the legal framework.

ESTABLISHING AN ETHICAL CORPORATE CULTURE

To establish an ethical corporate culture, you must:

- **Define core values and mission:** Set out the company's core values and mission statement
- **Lead by example:** Act ethically and be a role model for employees
- **Communicate transparently:** Establish open communication channels
- **Build trust:** Foster a sense of trust and accountability
- **Encourage ethical decision-making:** Promote ethical decision-making processes
- **Promote diversity and inclusion:** Promote diversity and foster meaningful interactions between people from different backgrounds
- **Establish clear policies and procedures:** Establish clear policies and procedures
- **Provide training and development:** Provide training and development opportunities

- **Recognize and reward ethical behavior:** Recognize and reward ethical behavior
- **Continuously improve:** Sustain and evolve the ethical culture through continuous improvement
- **Hire people who believe in doing the right thing:** Hire people who believe in doing the right thing and guide them

THE ETHICS OF CONSUMER PRODUCTION AND MARKETING

INTRODUCTION

Consumers are bombarded daily by an endless series of advertisements urging them to buy numerous products. Consumers bear the costs of product injuries, deceptive selling practices, shoddy production construction, products that immediately break down, and warranties that are not honoured

1. MARKETS AND CONSUMER PROTECTION

Problems consumers face:

- Dangerous risky products

- Deceptive selling practices
- Poorly constructed products
- Failure to honor warranties
- Deceptive and unpleasant advertising

Market approach to consumer protection:

- Claims safety is a commodity that should not be mandated by government
- Safety should instead be provided through the market
- In a market, sellers will provide safety if consumers demand it
- In a market, the price of safety and the amount sellers provide will be determined by the costs of providing it and the value consumers place on it
- Government intervention in consumer markets makes them unfair, inefficient, and coercive

Problems with the market approach:

- Assumes markets are perfectly competitive but they are not because:

Buyer do not have adequate information when products are complex and information is costly and hard to find

Buyers are often not rational about product risk or probabilities and are often inconsistent

Rational utility maximizer= a person who has a well-defined and consistent set of preferences, and who knows how personal choices will affect those preferences

Many consumer markets are monopolies or oligopolies

On balance, it does not appear that market forces by themselves can deal with all consumer concerns for safety, freedom from risk, and value

- Consumers must be protected through the legal structure of government and through the voluntary initiatives of responsible businesspeople

Part of the responsibility for consumers' injuries must rest on consumers

DIFFERENT THEORIES ON THE ETHICAL DUTIES OF MANUFACTURERS

1. The contract view
2. The due care view
3. The social costs view

THE CONTRACT VIEW

Contract View of Firm's Duties to Customer: The view that the relationship between a business firm and its customers is essentially a contractual relationship, and the firm's moral duties to the customer are those created by this contractual relationship.

THE DUE CARE VIEW

The due care view is a theory that holds that manufacturers have a duty to exercise care to ensure that their products don't harm consumers. This is because manufacturers are in a more advantageous position than consumers, who must rely on them.

Due care theory is one of several theories that attach a guarantee to products to promote their safety, quality, and conformity. Although it doesn't require a warranty, due care theory encourages manufacturers to act reasonably and avoid negligence to protect consumers.

Due care can also refer to:

- The level of responsibility an executive has to be aware of business changes and act within the rules to achieve a company's goals
- • The care that a reasonable person would exercise under similar circumstances. It's also known as ordinary care or reasonable care.

THE SOCIAL COSTS VIEW

The social costs view is the idea that the costs of an action are not always borne by the person who initiates them. The sum of the costs that are borne by the person and the costs that are not borne by them is the social cost. The costs that are borne by the person are called private costs, and the costs that are not borne by them are called external costs.

Social costs are important because they reflect the broader impact of an activity on society as a whole. For example, the social cost of driving a car includes the private costs of fuel, oil, maintenance, insurance, and depreciation, as well as the external costs of air pollution and congestion experienced by others.

Some examples of social costs include: Loud music, Noise and air pollution from vehicle traffic, and A roommate leaving dirty dishes in the sink.

Social costs can be calculated using the formula:

- $\text{Marginal social cost (MSC)} = \text{Marginal private cost (MPC)} + \text{Marginal external cost (MEC)}$